

# **PROCESSING PURCHASE ORDERS AT YEAR-END (PO-PER-2)**

**FEBRUARY 1999**

***VERSION (1.0)***

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# PROCESSING PURCHASE ORDERS AT YEAR-END

## OVERVIEW

During fiscal year-end processing, any open current year Purchase Orders (PO's) will carry forward to the new-year. While there are several methods available in MUNIS to account for open Purchase Orders at the year-end, Kentucky school districts will employ the 'GAAP' method which adheres to district audit requirements.

Under the MUNIS GAAP method, current-year encumbrance entries are reversed for all Purchase Orders outstanding at year-end. Therefore, it is important that all encumbrance entries be correct before beginning year-end. During year-end processing fund balance is 'reserved' to reflect the obligation for outstanding Purchase Orders.

Purchase Orders outstanding at year-end are encumbered, liquidated, and expensed in the new year. New-year expenditure account budgets are increased to 'cover' the expense of carry forward Purchase Orders during budget completion processing. Only accounts included in a new year budget projection will realize an increase in the new year budget. Therefore, encumbrances carried forward on current-year project accounts will not incur a budget increase.

## REVIEWING CURRENT-YEAR ENCUMBRANCES

To review current-year encumbrance entries, Year-To-Date Budget Reports are printed for Period 99 and for Period 13. The encumbrance totals on the two reports are compared for discrepancies. Before printing the reports, complete the following steps:

1. Check for open PO batches in PO Entry. Output-Post all open purchase order batches.
2. Check for open AP batches in Invoice Entry/Proof. Output-Post all open accounts payable batches.
3. Check for open encumbrance journals in Encumbrance Journal Entry/Proof. Output-Post all open encumbrance journals.

**To Review Current-Year Encumbrances, Select:**

A) FINANCIALS

A) General Ledger Menu

F) Inquiries & Reports Menu

B) YTD Budget Report

1. Select **Find** from the Ring Menu.

2. Press **ESC** to create an active set of accounts.
3. Select **Report-options** from the Ring Menu. The following screen appears:

Session	Edit	Commands	Settings	Help
YTD BUDGET REPORT				
Action: Find Seg-find <b>Report-options</b> Output Exit				
Field number of this sequence level.				
Sequence 1	Field #	Total	Page Break	Year/Period [1999]/[99]
Sequence 1	[ 1] Fund	[Y]	[N]	Print revenue as credit [Y]
Sequence 2	[ 0]	[N]	[N]	<b>Totals only</b> [Y]
Sequence 3	[ 0]	[N]	[N]	Suppress zero bal accts [Y]
Sequence 4	[ 0]	[N]	[N]	Print full GL account [N]
Report title:				Double space [N]
[YEAR-TO-DATE BUDGET REPORT				Roll projects to object [N]
[				Incl inception to soy [N]
]				Carry forward code [1]
Print Full or Short description? [F]				Print journal detail [N]
Print MTD Version ? [N]				From Yr/Per [1999] [ 1]
Print Revenues-Version headings? [N]				To Yr/Per [1999] [ 1]
Format type [1]				Include budget entries [Y]
				Incl encumb/liq entries [Y]
				Sort by JE # or PO # [J]
				Detail format option [1]

4. Enter the following options to print the report for Period 99:

Sequence 1, Field #	<b>1</b> for Fund
Sequence 1, Total	<b>Y</b> for Yes
Sequence 1, Page Break	<b>N</b> for No
Year/Period	<b>1999/99</b>
Totals only	<b>Y</b> for Yes

5. Select **Output** from the Ring Menu, and then **Print**.
6. Select **Report-options** from the Ring Menu.
7. Enter the following options to print the report for Period 13:

Sequence 1, Field #	<b>1</b> for Fund
Sequence 1, Total	<b>Y</b> for Yes
Sequence 1, Page Break	<b>N</b> for No
Year/Period	<b>1999/13</b>
Totals only	<b>Y</b> for Yes

8. Select **Output** from the Ring Menu, and then **Print**.

9. Compare the encumbrance totals on the two reports. If the amounts do not match, contact the MUNIS Help Desk at **1-800-722-4908** for assistance in resolving the discrepancy.

For more information on creating the YTD Budget Report, refer to the document entitled *Year-To-Date Budget Report (MUNIS\_GL-1)* in the *MUNIS Budget/General Ledger User Guide*.

## REVIEWING OPEN POs PRIOR TO YEAR-END

In preparation for closing the fiscal year, all outstanding current-year Purchase Orders should be reviewed. Only those Purchase Orders which represent legitimate budget obligations for the new fiscal year should be left open and carried into the next year. All other Purchase Orders should be processed or canceled prior to closing the fiscal year.

### To Print a Report of All Open PO's, Select:

A) FINANCIALS

C) Purchasing Menu

C) PO Inquiry & Reports Menu

A) Standard PO Reports

A) Open PO By Expense Account

The following screen is displayed:

Session	Edit	Commands	Settings	Help
STANDARD PURCHASE ORDER REPORTS				
Action: <b>Define</b> Output Exit				
Change report options.				
(C)urrent or (N)ext Year Pos? [C] 1999				
Run by (F) or (O)rg? [F]				
Fund range from: [ ] to [zzzz]				
Organization range from: [ ] to [zzzzzzzz]				
PO date Range: [07/01/98] to [06/30/99]				
Sort by Dept/Loc? [ ]				
Dept/Loc range from: [ ] to [zzzzz]				
Open Pos by Expense Account				

1. Select **Define** from the Ring Menu.
2. Enter **C** to select **(C)urrent Year PO's** to report.
3. Press **ESC** to retrieve all open POs.
4. Select **Output** from the Ring Menu and **Print** the report.
5. Analyze the output. Close any POs on the list that should not carry forward to the next fiscal year.

## PERFORMING PO CARRY FORWARD AT YEAR-END

### Processing Fiscal Year-Close

When the ‘Close the Fiscal Year’ menu option is selected during MUNIS year-end processing, current-year encumbrances against open Purchase Order Accounts are reversed. Year-end fund balance is ‘reserved’ to reflect the obligation for outstanding Purchase Orders. Below are examples of the **Year-end Close Journal Entries (YEC)** created as part of this processing.

#### Encumbrances against affected expenditure accounts are reversed:

07/15/1999 12:40:34			YOUR SCHOOL DISTRICT CLOSE CURRENT YEAR			PAGE 1 glclosyr		
						JOURNAL: 1999 13 1		
FUND TITLE		ORG	ACCOUNT		DESCRIPTION		DEBIT	CREDIT
-----								
1	GF	0011075	1-000-2321-000-00-0610		GENERAL SUPPLIES			23.00

#### Encumbrance control and Reserve for Encumbrances journal entries are reversed:

07/15/1999 12:40:34		YOUR SCHOOL DISTRICT CLOSE CURRENT YEAR			PAGE 2 glclosyr	
					JOURNAL: 1999 13 2	
FUND TITLE		ORG	ACCOUNT	DESCRIPTION	DEBIT	CREDIT
-----						
1	GF	10	1-8753	RESERVE FOR ENCUMBRANCES	23.00	
		10	1-7603	ENCUMBRANCES		23.00

#### Fund balance is reserved to reflect the obligation for outstanding Purchase Orders:

07/15/1999 12:40:34		YOUR SCHOOL DISTRICT CLOSE CURRENT YEAR			PAGE 3 glclosyr	
					JOURNAL: 1999 13 3	
FUND TITLE		ORG	ACCOUNT	DESCRIPTION	DEBIT	CREDIT
-----						
1	GF	10	1-8770	UNRESERVED FUND BALANCE	23.00	
		10	1-8755	PRIOR YEAR ENCUMBRANCES		23.00

### Processing Fiscal Year-Open

When the ‘Open the Fiscal Year’ menu option is selected, encumbrance entries are generated in the new year for the outstanding Purchase Orders. These Purchase Orders may be liquidated using normal processing. Below are examples of **Fiscal Year Open Journal Entries (SOY)** created as part of this process.

#### The reserve of fund balance for outstanding Purchase Orders at year-end is reversed:

07/15/1999 12:42:27			YOUR SCHOOL DISTRICT START CURRENT YEAR		PAGE 1 glopenyr	
						JOURNAL: 1999 00 1
FUND TITLE	ORG	ACCOUNT	DESCRIPTION		DEBIT	CREDIT

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1	GF	10	1-8755	PRIOR YEAR ENCUMBRANCES	23.00	
		10	1-8770	UNRESERVED FUND BALANCE		23.00

**A Journal Entry is created to encumber Expenditure and Encumbrance Accounts for outstanding POs in the new year:**

07/15/1999  
12:42:27

YOUR SCHOOL DISTRICT  
START CURRENT YEAR

PAGE 3  
glophenyr

JOURNAL: 1999 00 2

FUND TITLE	ORG	ACCOUNT	DESCRIPTION	DEBIT	CREDIT
1	GF	0001075	1-000-2321-000-00-0610	23.00	
1	GF	10	1-7603	23.00	
		10	1-8753		23.00
			ENCUMBRANCES		
			RESERVE FOR ENCUMBRANCES		

## Processing Budget Completion/Update

The Budget Completion Journal/Update process creates a BUC journal to increase the budget on affected expenditure accounts in the amount of outstanding encumbrances. That amount is separately identified in a field called 'Carry Forward Budget' and is included in the total for Revised budget.

**NOTE:** *The budget on an expenditure account which has a carry forward encumbrance is increased during the budget completion/update process ONLY if the account is part of a projection processed during the budget completion/update.*

Below is an example of an account with a carry forward budget amount:

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Session	Edit	Commands	Settings	Help
G/L ACCOUNT INQUIRY				
Action: Find Next Prev Browse Output Exit Detail Months CFWD ...				
Query the current database table.				
[1-001-2321-000-00-0610]				
Org	[0011075 ]	SUPERINTENDENT'S OFFICE	GF	Type [E] Status [A]
Object	[0610 ]	GENERAL SUPPLIES		2000/01 Rollup [ ]
Project	[ ]			
		Fiscal Year 2000	Fiscal Year 1999	Fiscal Year 2001
Original Budget	[	12,000.00]	[	12,000.00]
Transfers - In	[	.00]	[	.00]
Transfers - Out	[	.00]	[	.00]
CFwd - Budget	[	23.00]	[	.00]
Revised Budget	[	12,023.00]	[	12,000.00]
				[ .00]
Actual (Memo)		.00]	[	4,054.00]
Encumbrances	[	23.00]	[	.00]
Requisitions	[	.00]		[ .00]
Incep to SOY	[	.00]		
Available	[	12,000.00]	[	6,445.68]
Percent used		[ ]	[	38.61]
				[ .00]
1 of 1				